

The Total Economic Impact™ Of ServiceNow HR Service Delivery

KEY STATISTICS



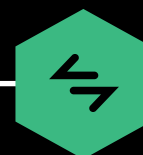
ROI
259%



BENEFITS PV
\$21.63M



NPV
\$15.61M



PAYBACK
<6 months

[ServiceNow HR Service Delivery](#) (ServiceNow HRSD) consists of a suite of applications that enables employees to find the information they need, self-serve, and get personalized and guided support within a single portal. The applications include:

- **Employee Center Pro.** This provides a single, unified portal for service delivery and communications across the enterprise.
- **Case and Knowledge Management.** This standardizes documentation, interactions, and fulfillment of employee requests.
- **Employee Journey Management.** This builds complete enterprisewide workflows to support employees through complex moments.
- **Now Assist for HRSD.** This allows agents to summarize customer chat conversations, generate case resolution notes, and wrap up cases faster using generative AI.

- **HR Agent Workspace.** This quickly connects HR teams to the information they need in a personalized workspace.

Other ServiceNow HRSD capabilities include Now Assist, Employee Relations, Process Mining for HR, Virtual Agents, Issue Auto Resolution, and Workforce Optimization.

ServiceNow commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying HR Service Delivery. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of HR Service Delivery on their organizations.



[READ THE FULL STUDY](#)

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed six representatives with experience using ServiceNow HRSD. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization that is a global B2C organization with 35,000 FTEs and revenue of \$10 billion per year.

Interviewees said that prior to using ServiceNow HRSD, their organizations struggled with inefficient HR processes, a lack of self-service tools for employees, and a need for better reporting and visibility into HR operations. As a result, HR productivity suffered at the organizations, and they struggled to meet their employee experience (EX) goals.

Using mixes of prior vendor-supplied and homegrown HR service delivery solutions created an inoperable lack of governance and integration strategy for the organizations' IT teams and broken and frustrating EX for HR and the workforces. Not only did the workforces suffer from productivity-sapping manual processes, the organizations' IT and HR teams had to spend manual effort to resolve simple tasks, all of which cost more money and time.

After the investment in HR Service Delivery, the organizations aligned their HR tech stacks with larger digital transformation efforts and future-fit capabilities while integrating many systems into a single shared service standard and model. Interviewees said having a consolidated knowledge base made it easier and faster for employees to find

important information and resolve inquiries that previously kept them from being productive. In turn, interviewees said HR employees automated inefficient processes, which gave them more time to focus on problems rather than churning through volumes of tickets.

Key results from the investment include improved consistency, productivity, and overall EX for employees and managers through automated workflows and self-service hubs. This improved experience cascaded into meaningful and measurable impacts in employee satisfaction, retention rates, and other employee engagement areas.

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Getting newly onboarded employees to full productivity two weeks faster.** Rather than operating at 75% productivity for the duration of a three-week onboarding period, the composite brings resources to full productivity within one week with HRSD. This faster time to full productivity for newly onboarded employees equates to a financial benefit of \$9.3 million for the composite organization over the three-year analysis.
- **Over 77,000 hours in end-user time savings on HR requests.** Compared to the prior environment, end users save up to 15 minutes on tier-one HR requests, and up to 30 minutes on tier-two HR requests. These end-user time savings add up to more than \$1.1 million for the composite organization.
- **Over 17,000 hours of HR time savings on processing employee HR requests.** Compared to the prior environment, HR employees spend up to 45% less time on tier-one HR requests and up to 30% less time on tier-two HR requests. These HR time savings

Reduction in employee
onboarding time

Two weeks



equal more than \$615,000 to the composite organization.

- **Up to 30% HR labor efficiencies regained by streamlining HR workflows with ServiceNow HRSD.** ServiceNow HRSD automates workflows for things like onboarding, offboarding, payroll, leave management, employee relations, compliance, and other HR workflows. For the composite, HR resources save up to 80,000 FTE hours compared to their prior environment. These time savings are worth over \$8 million to the composite organization.
- **Savings from consolidated technology environment.** By consolidating four HR technology solutions into one, the composite organization saves excess license costs from its legacy technology stack. The composite organization is also able to redeploy more than 4,000 hours of IT labor that were previously devoted to managing its legacy systems. In total, these savings are worth more than \$1.1 million.

Increase in HR team efficiency with ServiceNow HRSD

20% to 30%



- **Improved workflow development agility.** ServiceNow HRSD enables the composite organization to independently develop high-quality, automated workflows, which previously were built by third-party contractors. As a result, the composite organization reduces its contractor spend and productively redeploys employee hours previously dedicated to contractor management. Over three years, the reduced reliance on contractors is worth \$1.4 million to the composite organization.

Benefit not included in ROI. Benefits that are not included in the ROI analysis but can potentially provide benefits for the composite organization include:

- **Improved employee retention and experience.** ServiceNow HRSD improves employee engagement across service platforms, enhancing employee customer satisfaction (CSAT) scores and streamlining onboarding and training processes to position new employees for success, ultimately reducing attrition for the composite organization. The decline in turnover helps the composite avoid vacancy costs while keeping current employees more engaged.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified for this study include:

- **Improved standardization and governance.** The composite organization leverages ServiceNow HRSD's digital platform to enable HR teams to create standardized agreements and automate approval processes, ensuring that all necessary documentation is completed. The composite organization uses ServiceNow HRSD to create a dynamic knowledge management system, allowing HR teams to easily update knowledge articles, ensuring that employees have the most up-to-date information. The improved knowledge base lowers the risk of providing employees with incorrect information, which can lead to confusion and errors in HR processes.
- **Improved functionality and visibility into HR-related business objectives.** ServiceNow HR Service Delivery centralizes all of the composite organization's HR-related information and KPIs into a single platform, allowing HR teams to easily track and monitor employee data, performance, and metrics. Additionally, ServiceNow HRSD offers customizable dashboards and reporting tools,

enabling the organization to create and visualize KPIs specific to its HR goals and objectives.

- **Improved preparedness for audits.**

ServiceNow HRSD provides the composite organization with a centralized repository for all HR-related data, documents, and processes. This ensures that all information is easily accessible and organized, making it easier to meet compliance requirements and respond to audits.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Licensing costs.** ServiceNow HRSD licensing costs for the composite organization increase 5% year over year in keeping with organic headcount growth, totaling \$3.7 million over the three-year analysis.
- **Internal and external implementation costs.** The composite organization engages a third-party implementation partner and dedicates IT and HR resources to implementation and stabilization. In total, the composite's implementation costs come to \$804,000.

- **User testing and training.** A small portion of the composite organization's employee base tests ServiceNow HRSD during the implementation and the initial deployment phase. Additionally, the organization trains both HR users and end users on using HRSD. Total testing and training costs amount to \$902,000 over three years.
- **Solution maintenance costs.** The composite organization devotes one IT employee and one HR resource to managing the ServiceNow HRSD platform. The employees spend 50% of their time managing the platform in Year 1 but dedicate more time to maintaining the platform as more use cases and functionalities are deployed. Over three years, internal maintenance costs amount to \$585,000.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$21.62 million over three years versus costs of \$6.02 million, adding up to a net present value (NPV) of \$15.60 million and an ROI of 259%.

Forrester Perspective: Business Impacts Of Better Onboarding

The onboarding experience begins the moment a new hire accepts a job offer and ends when they are fully ramped up and productive in their new role. Fragmented onboarding can result in disconnected and negative experiences. Intentionally designed onboarding experiences can lead to higher engagement levels and better new-hire retention. But many organizations only offer compliance-based orientation. This can have consequences, including:

- **Low productivity.** New hires must become strong contributors as quickly as they can. Without the proper resources and a lack of clarity around job demands, full productivity is impossible.
- **Low engagement.** Unstructured onboarding leads to uncertainty around job roles and disengaged employees. Disengagement is expensive and typically costs employers the equivalent of 18% of the disengaged employee's annual salary.
- **Low retention.** A lack of engagement can lead to turnover if left unresolved, and the cost of replacing an engaged employee is far higher than the cost of replacing a disengaged employee. It can cost between 33% and 200% of their annual salary.

Source: "Level Up Your Onboarding Practice With An Experience-Based Approach," Forrester Research, Inc., May 12, 2022.

DISCLOSURES

The reader should be aware of the following:

- The study is commissioned by ServiceNow and delivered by Forrester Consulting. It is not meant to be a competitive analysis.
- Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in ServiceNow HRSD
- ServiceNow reviewed and provided feedback to Forrester. Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning.
- ServiceNow provided the customer names for the interviews but did not participate in the interviews.

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